SUPREME COURT, U. S.

No. 339

DEC
JAMES

IN THE

Supreme Court of the United States

OCTOBER TERM, 1958

JEROME S. SPEVACK, *Petitioner*

v.

LEWIS L. STRAUSS, ET AL., *Respondents*

On Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

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BRIEF FOR THE PETITIONER

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BRIEF FOR THE PETITIONER[1]

OPINIONS BELOW

The District Court rendered no formal opinion on entering its Findings of Facts and Conclusions of Law

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[1] No part of this Brief or its appendices contains any disclosure of the secret processes or of other information the disclosure of which could prejudice Petitioner's rights. Under this Court's Orders of July 3, 1958 and October 27, 1958 Respondents' counsel should observe similar caution.

and Order Denying Petitioner's Motion for a Preliminary Injunction on the ground of mootness. (R. 17, J.A. 17).[2]

The previous opinion of the Court of Appeals for the District of Columbia Circuit rendered September 19, 1957 (Appendix B, *infra,* p. 9a) which did not reach the question of mootness, referred to jurisdictional grounds only. It is reported at 248 F. 2d 752, 101 U. S. App. D. C. 339, and was vacated by this Court's decision in No. 641, October Term, 1957, 355 U. S. 601.

The opinion of the Court of Appeals of the District of Columbia Circuit of June 9, 1958, for review of which the present writ was granted is reported at 257 F. 2d 208. (Appendix D, *infra,* p. 14a).

JURISDICTION

The judgment of the Court of Appeals was entered on June 9, 1958. (Appendix D, *infra,* p. 16a). Petitioner's suggestion that the Court of Appeals should vacate its opinion and judgment contained in his "Answer to Order to Show Cause" (NR 47) which was filed on June 11, 1958, and which was

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[2] References herein to the Court of Appeals record consisting of 134 pages used in conjunction with the first Petition for a Writ of Certiorari filed in this matter (No. 641, October Term, 1957) are denoted "R. ....)". References to the subsequent Court of Appeals Record certified to this Court are denoted "NR. ....)". "J.A." and "S.A." refer respectively to the joint appendix and supplemental appendix printed in the Court of Appeals, 9 copies of each of which have been filed in this Court. "TR" refers to the transcript of April 18-19, 1957 in the Trial Court, which has also been filed in this Court. The record has not been printed because of this Court's impounding order of October 27, 1958. See "Designation of Record (or Substitute Therefor)" filed November 14, 1958, and stipulation filed December 8, 1958.

similar to a Petition for Rehearing, was denied on June 24, 1958. (NR 53). The Petition for a Writ of Certiorari herein was filed September 6, 1958, and was granted October 27, 1958. The jurisdiction of this court rests on 28 U. S. C. Sec. 1254.

QUESTIONS PRESENTED

1 (WAS STATUTE CORRECTLY INTERPRETED?). Whether the Atomic Energy Act of 1954 is correctly interpreted to direct or authorize the Respondents to deprive a citizen of private property rights in his invention, forming the subject matter of a pending U. S. patent application and disclosed to the U. S. Atomic Energy Commission (sometimes termed A. E. C. hereinafter) in confidence in accordance with law, by publishing and/or publicly disseminating said subject matter without regard to the proprietary right of the inventor thereof, without his consent, and to his detriment—

A (*Where Constitutional Authority is Limited to Property of the United States*). Where said Act must be construed to conform to the limited power given to Congress by the Constitution to dispose only of "*property belonging to the United States*", and not of property which is owned by a private citizen. (Article 4, Section 3 and Amendments IX and X of the Constitution of the United States);

B (*Where Respondents Proposed Disclosure is Not Within the Limited Authority of the Atomic Energy Act*). Where consistent with its powers, Congress in said Act conferred upon the Respondents only limited authority to control dissemination of information: *i.e.*

(1) limited authority under Secs. 141, 144 and 123 for non-public communication to "other nations" cooperating and in privity with the A. E. C. of certain types of "Restricted Data" (as defined in Sec. 11(r) of the Act within which definitions the Petitioner's invention does not fall), the Act expressly providing in Sec. 173 for compensation for such non-public communication of "Restricted Data" based on any patent application not belonging to the United States", (42 U. S. C. Secs. 2161, 2164, 2153, 2014(r) and 2223);

(2) limited authority under Secs. 2(b) and 3(b) for "permitting the property of the United States to be used by others" including by dissemination of "unclassified" scientific and technical information owned by the United States (or in the public domain), (42 U. S. C. Secs. 2012(b) and 2013(b));

(3) limited authority under Sec. 142(a) for determining the data "within the definition of Restricted Data" which can be published (by the owner thereof) and causing such data to be removed from the category of Restricted Data (defined in Sec. 11(r)) subject to the further limitation under Section 141(b) that dissemination of scientific and technical information relating to "atomic energy" (as defined in the Act, within which definition Petitioner's invention does not fall) "should be permitted and encouraged" (42 U. S. C. Secs. 2162(a), 2014(r), 2161(b));

C (*Where There is No Express Authority in the Act and There Are Specific Statutory Prohibitions*). Where said Act contains no *express direction or authority* to the Respondents to publish and/or publicly disseminate privately owned information disclosed to them in confidence, and no express provision for compensation for such action inferring such direction or authority, but on the contrary provides in Sec. 146 (42 U. S. C. Sec. 2166) that the Respondents "shall have no power to control or restrict the dissemination of information other than that granted by this or any other law" and that "sections 141 to 145, inclusive" (42 U. S. C. Secs. 2161-2165) "shall not exclude the applicable provisions of any other laws", e.g.

(1) the general prohibition under penalty of fine and/or imprisonment and removal from office, against the publication or disclosure in any manner of privately owned information received by Respondents as government officials in confidence, 18 U. S. C. Sec. 1905, and

(2) the specific provision of the Patent Law that U. S. patent applications shall be "kept in confidence" by the Patent Office and hence by those in privity with it, 35 U. S. C., Sec. 122 and 37 C. F. R., Sec. 1.14;

D (*Where Respondents Authority Under the Patent Act to Deal with Information Here Involved Has Been Exhausted*). Where the citizen's invention does not fall within the definition of "Restricted Data" or "atomic energy" as defined in said

Act and the sole authority of the Respondents for controlling dissemination thereof was derived, not from said Act, but from the Patent Act of 1952, 35 U. S. C., Secs. 181-188, and was exhausted when they took the following four steps:

(1) when they caused a secrecy order to be issued in said application under 35 U. S. C. Sec. 181, and

(2) when they refused to permit the Commissioner of Patents to consent to modification of the secrecy order to permit filing of applications for foreign patents under 35 U. S. C. Sec. 184, and

(3) when they caused the subject matter of the said application to be used by the United States Government as implicitly authorized by 35 U. S. C. Sec. 183, and

(4) when they subsequently, pursuant to 35 U. S. C. Sec. 181, notified the Commissioner of Patents that the secrecy order might be rescinded;

E *(Where Respondents Proposed Publication Constitutes a Breach of Trust)*. Where such publication and/or public dissemination without the inventor's consent would be in violation of the obligations of trusteeship placed upon Respondents by the Patent Act, 35 U. S. C. Secs. 122 and 181-188, the Regulations pursuant thereto, 37 C. F. R. Secs. 1.14 and 5.1 and the Criminal Law applicable to breach thereof 18 U. S. C. Sec. 1905;

F (*Where Respondents Have Not Exercised Specific Authority To Acquire the Private Property Rights Involved for the United States*). Where Congress recognized the constitutional limitations on the government's power to dispose only of property of the United States, by specifically authorizing the A. E. C., by Secs. 161(g) and 261 of the Act, in the "performance of its functions" to acquire or purchase personal property or property rights, such as are here involved, from the owners thereof as agent for and on behalf of the United States (42 U. S. C. 2201(g) and 2017).

2 (DID THE COURT'S INTERPRETATION RENDER THE STATUTE UNCONSTITUTIONAL AS AUTHORIZING A DISPOSAL OF PROPERTY NOT BELONGING TO THE UNITED STATES?). Whether Sections 3(b), 141 and 141(b) of the Atomic Energy Act of 1954 (42 U. S. C. Secs. 2013(b), 2161, and 2161(b))—interpreted to direct or authorize the Respondents to deprive a citizen of private property rights in his invention, forming the subject matter of a pending U. S. patent application, and disclosed to the A. E. C. in confidence in accordance with law, by publishing and/or publicly disseminating said subject matter without regard to the proprietary rights of the inventor thereof, without his consent, and to his detriment — are unconstitutional, *inter alia*, as in excess of the power given to Congress by Article 4, Section 3 and Amendments IX and X of the Constitution of the United States, to dispose only of "property belonging to the United States", and *not* of property belonging to a private citizen.

3 (DID THE COURT'S INTERPRETATION RENDER THE STATUTE UNCONSTITUTIONAL AS AUTHORIZING A DEPRIVATION OF PROPERTY WITHOUT DUE PROCESS OR COMPENSATION?). Whether an interpretation of Sections 3(b), 141, and 141(b) of the Atomic Energy Act of 1954 (42 U. S. C. Secs. 2013(b), 2161, 2161(b)) to authorize the Respondents to dispose of an inventor's personal property rights in his invention, disclosed to them in confidence, by publishing the subject matter thereof without his consent and without first lawfully acquiring or purchasing for the United States the right to so dispose of such property as elsewhere provided for in the Act, renders the Act unconstitutional as regards said sections, *inter alia*, as authorizing a deprivation of private property without due process of law, or a taking thereof without provision for just compensation, as required by the 5th Amendment of the Constitution, where the Act does not expressly authorize such action, and does not implicitly authorize such action by an express provision for just compensation therefor.

4 (DOES THIS ACTION TO ENJOIN GOVERNMENT OFFICERS FROM BREACHING CONFIDENCE AND DESTROYING PRIVATE PROPERTY RIGHTS OF AN INVENTOR FAIL TO STATE A CLAIM ON WHICH RELIEF CAN BE GRANTED?). Whether an action, brought by a citizen of the United States against the Respondents to enjoin them from publicly disclosing his invention entrusted to them in confidence, fails to state a claim on which relief can be granted, and should be dismissed:

(a) where the invention and U. S. patent application were revealed to the A. E. C. in confidence; and

(b) where the citizen's proprietary interests as an inventor and applicant for U. S. patent include the prerogative, until a patent issues, of maintaining his invention in secret for preserving his right to seek patent protection and promotion thereof in foreign countries as well as in the United States; and

(c) where the subject matter of a privately owned United States patent application is required to be maintained in secrecy by the United States Government under 35 U. S. C., Secs. 122 and 181 and 37 C. F. R. 1.14 and 5.1; and

(d) where government officers are subject to criminal penalties for divulging information received in confidence, 18 U. S. C. Sec. 1905; and

(e) where the said invention and U. S. patent application were subjected, at the instance of the A. E. C., to security classification and a "Secrecy Order" issued in the U. S. Patent Application under 35 U. S. C. Sec. 181; and

(f) where such "Secrecy Order" prohibited the inventor from making applications for foreign patents on his invention under the International Convention and thereafter, until the subject matter was declassified and the Secrecy Order rescinded on February 1, 1957; and

(g) where the A. E. C. under 35 U. S. C. Sec. 184, refused to consent to modification of the "Secrecy Order" to permit the inventor to file such application even in Canada; and

(h) where the publication threatened by Respondent would destroy proprietary rights of the inventor

including his right to apply for and obtain valid patents for the concerned invention in many foreign countries; and

(i) where Congress under the Constitution of the United States, and more particularly under the delegation of powers in Article 4, Sec. 3 and the limitations of powers under the 5th, 9th and 10th Amendments thereto, is forbidden to authorize the A. E. C. to violate private property rights by publicly disclosing privately owned inventions entrusted to it in confidence; and

(j) where Congress recognized this limitation on its powers in Sec. 2(b) of the Act (42 U. S. C. Sec. 2012(b)), and gave authority to the A. E. C. in Sec. 161(g) of the Act (42 U. S. C. 2201(g)) to purchase rights in personal property which it might wish to deal with on behalf of the United States, which course has not been followed by Respondents; and

(k) where there is in said Act no express provision for compensation—to the owner of an invention, disclosed to the Atomic Energy Commission in confidence, for property rights destroyed by public dissemination thereof by said Commission without his consent — from which to imply authority to so disseminate; and no express direction to the Commission to so disseminate from which to imply an assumption of liability for just compensation under 28 U. S. C. Sec. 1491.

5 (WAS PETITIONER DENIED A PROPER "HEARING" AND WAS THERE COMPETENT PROOF OF MOOTNESS IN THE DISTRICT COURT?) A question not reached by the

Court of Appeals, but proper to be considered by this Court in its discretion, is whether the District Court was in error in concluding that this action was moot, which constituted a final disposition of the case—

(a) where such conclusion was based merely on affidavits filed by Respondents all of which were founded on hearsay and/or were incompetent in other respects,[3] and

(b) where Petitioner was denied a proper "hearing" including the right to cross examine the affiants.

6 (How Could the Injunction Sought Be Futile Where Rights Remain?) A further question not reached by the Court of Appeals but proper to be considered by this Court in its discretion, is whether, assuming *arguendo* that the affidavits filed by the Respondents in the District Court were competent and did show a limited publication by Respondents of subject matter of Petitioner's invention in a certain few countries (without his consent), the District Court was in error in finding that this action was moot, where such limited unconsented publication would not destroy Petitioner's right to apply for and obtain valid patents

[3] In the case as now presented, the affidavit of John R. Hall, Acting Assistant Manager for International Activities of the Atomic Energy Commission, filed in this Court on July 3, 1958 (Appendix E, *infra*, p. 17a) evidences that in fact there was no publication of the invention here concerned as incompetently alleged in the exhibits filed in the District Court. (See Argument III, p. . . . , *infra*) As shown in the Affidavit of Jerome S. Spevack, filed in this Court on August 25, 1958, a publication not authorized by Petitioner has been made of some of the improved processes involved in Petitioner's patent application as described in his Complaint filed in the United States District Court for the District of Columbia, but such publication does not render this action moot.

for the invention in many other countries in the absence of further publication *in* such other countries, respectively, and where the Respondents threaten further promulgations if not enjoined therefrom.

7 (DID THE COURT OF APPEALS COMPLY WITH THIS COURTS' MANDATE?) Further questions presented in this case are:

(a) whether the Court of Appeals properly interpreted and complied with the mandate of this Court,

(b) whether it properly assumed, as implied by its decision on remand, that this Court would grant certiorari and vacate a judgment of dismissal to merely correct a matter of procedure in a case deemed properly dismissable, and

(c) whether the Court of Appeals abused its discretion and acted in a manner contrary to the proper functioning of the Federal judiciary in ordering dismissal of the amended complaint without determining the issues of mootness raised by Petitioner's appeal, in the face of the mandate of this Court that it "determine . . . the issues raised by Petitioner's appeal".

CONSTITUTIONAL PROVISIONS, STATUTES, AND RULES INVOLVED

United States Constitution, Article 1, Section 8; Article 4, Section 3; 5th, 9th and 10th Amendments; *Atomic Energy Act of 1954,* Secs. 1, 2, 3, 11, 123, 141, 142, 144, 146, 161, 173, 261; *Patent Act of 1952,* Secs. 122, 181, 184; *Code of Federal Regulations, Title 37,* Part 1, Sec. 1.14; Part 5, Sec. 5.1; *Criminal Code,*

18 U. S. C. Sec. 1905; *Judicial Code,* 28 U. S. C. Sec. 1491; *Federal Rules of Civil Procedure,* Rule 56(e); are set forth in Appendix A, *infra,* pp. 1a-9a.

STATEMENT OF THE CASE[4]

Prior to Suit

Earlier Invention

In 1942, Petitioner invented a "Dual Temperature" process of isotope concentration. (Publication MDDC-891, United States Atomic Energy Commission, 2 pages, declassified February 26, 1947.) Though not under patent assignment agreement when that invention was made, Petitioner in 1943 assigned that invention and application for patent thereon to the Government. That invention was held under a "Secrecy Order" until February 1, 1957, and U. S. Patent No. 2,787,526 issued to the Government thereon April 2, 1957. (R. 2, Complaint para. 2, J.A. 2)[5] Publication of that invention by the Government is not in issue here.

Petitioner was employed at Columbia University by various contractors to the Manhattan Engineering District, predecessor of the A. E. C., from 1943 through June, 1946. After early 1944 that employment had no relation to the aforementioned invention or the invention involved herein, but related to different fields entirely.

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[4] This statement is in somewhat more detail than would otherwise be required, because of inaccurate and misleading statements of opposing counsel in prior pleadings, briefs and arguments in this action.

[5] See Footnote 2, page 2 *supra,* re record references.

Petitioner's New Process: Disclosed to A.E.C. in Confidence

After June, 1946, Petitioner was self-employed during which period he independently invented the improved isotope concentration process, particularly, but not exclusively, adapted for the production of heavy water, involved in the present controversy (hereinafter sometimes called "new process"). On May 27, 1948, he made the existence and availability of his new process known to the A. E. C. (Letter to Burns dated July 2, 1948 attached to Spevack affidavit filed in Court of Appeals, R. 75-76). He disclosed the substance of his new process to the A. E. C. in confidence, in compliance with the spirit of the Atomic Energy Act of 1946, on August 8, 1949 and thereafter. Said disclosures were designated "Classified Security Information" by the A. E. C. (R. 1-3, Complaint, paras. 2, 4, 5, J.A. 1, 2, 3).

Petitioner as Independent Contractor Prepared Report for and Rendered Services to A.E.C.

In October, 1949, pursuant to a special contract with the A. E. C. which expressly referred to and reserved his proprietary rights in the new process, he submitted as an independent contractor, a report showing how the new process could be embodied in a heavy water pilot plant (R. 1-2, Complaint paras. 2, 5, J.A. 1-2; and R. 47, J.A. 47). Petitioner's new improved process was used and is being used in Government built plants for the production of heavy water. (R. 48, J.A. 48). From 1950 to 1953, Petitioner rendered services to the A. E. C. as an independent contractor under further special contracts which expressly referred to and reserved his proprietary rights in his new process, to be made the subject of a U. S. patent application of Petitioner.

Petitioner's Patent Application; Disclosed to A.E.C. by Patent Office; Secrecy Order

The Petitioner duly filed his U. S. Patent Application on his new process September 29, 1950, S. N. 188,925; a copy thereof was supplied by the Patent Office to the A. E. C. on October 23, 1950, pursuant to 35 U. S. C. Sec. 42 (now 35 U. S. C., Sec. 181, Appendix A, *infra,* p. 5a); and on October 31. 1950, the new process was put under "Secrecy Order" at the instance of the A. E. C. (R. 1, 3, 7, 9, Complaint paras. 2, 4, 7, and Exhibit A thereto, J.A. 1, 2, 3, 9).

Effect of Secrecy Order

This Secrecy Order directed Petitioner to in no wise disclose the invention, etc. (new process) in any way to any person, under penalties of law, and hence prevented petitioner from taking any steps toward filing foreign patent applications (R. 3, Complaint para. 8, J.A. 3). Petitioner sought a modification of the Secrecy Order to permit filing of an application in Canada in 1951, but this was denied by the Patent Office at the instance of the A. E. C. (R. 3, R. 19, Complaint, para. 9, J.A. 3 and Exhibit B to Complaint, J.A. 10).

Petitioner's Plea That Respondents Not Publish His Invention

On February 1, 1957, the "Secrecy Order" was rescinded, and at the same time, the A. E. C. declassified and threatened to publish material disclosing the subject matter of Petitioner's patent application (R. 4, Complaint, para. 11, J.A. 4). Petitioner, through counsel, promptly on February 1, 1957 and thereafter attempted unsuccessfully to obtain firm assurance from the A. E. C. that it would not publish

material disclosing the subject matter of his patent application (R. 5, Complaint, para. 14, J.A. 5), pointing out that such publication before he could finance and file patent applications abroad would be a breach of confidence and would destroy property rights of Petitioner in his new process. (R. 4-7 Complaint, paras. 12, 13, 14, 15, 16, 17, J.A. 4-7, and affidavits of Spevack, Parker and Houghton filed in the Court of Appeals, R. 72-78).

Respondents in Privity With Patent Office

The subject matter of Petitioner's patent application on the new process, all the claims of which have now been allowed by the U. S. Patent Office, is required to be maintained in secrecy by the Patent Office under 35 U. S. C., Sec. 122 (Appendix A, *infra,* p. 5a), and the A. E. C. is in privity with the Patent Office under 35 U. S. C., Sec. 181 (Appendix A, *infra,* p. 5a).

PROCEEDINGS IN DISTRICT COURT (ALL IN 1957)

Suit Filed

When Petitioner's aforementioned efforts failed, he filed on April 10, a Complaint for an Injunction (R. 1, J.A. 1). The jurisdiction of the District Court was invoked under its general powers and equity jurisdiction (R. 1, Complaint, para. 1, J.A. 1) and because the acts threatened by Respondents were "illegal" and "unlawful" (R. 2, Complaint, para. 3, J.A. 2). On April 10 that Court issued a Temporary Restraining Order, *ex parte,* enjoining respondents from publishing the subject matter of petitioner's new process (R. 14, J.A. 14).

Finding of Jurisdiction; Errors; Ground of Decision

On April 18 and 19 proceedings on Petitioner's Motion for Preliminary Injunction were held *in camera* to guard against public disclosures detrimental to Petitioner. The Court specifically found it had jurisdiction and overruled Respondent's contention that this was an unconsented suit against the United States (R. 57-58, J.A. 57, 58). On April 19 *ex parte* exhibits most of which were affidavits just prepared by employees and agents of Respondents were produced (sole evidence produced by Respondents) which asserted that actions alleged to constitute a publication by Respondents had occurred prior to the institution of this suit. (R. 62-63; J.A. 62-63). The Court denied Petitioner's request to cross-examine the affiants (R. 61, 67; J.A. 61, 67), ignored Petitioner's argument as to the competence of the exhibits (R. 67-71, J.A. 67-71) and denied the motion on the ground of mootness, solely on the basis of said exhibits. The Court issued a Stay pending application to the Court of Appeals (R. 68, J.A. 68). Appeal was noted April 22 (R. 38, J.A. 38).

PROCEEDINGS IN COURT OF APPEALS AND ON MOTION FOR PRELIMINARY INJUNCTION IN THIS COURT (ALL IN 1957)

Stay Continued

On April 26, the Court of Appeals ordered Respondents to refrain from disclosures concerning the new process, and ordered the Clerk to continue the impounding of the record and pleadings. On May 28, the appeal was submitted on briefs.

Ruling of No Jurisdiction

The Court of Appeals, on September 19, issued its opinion that the District Court lacked jurisdiction because this was an unconsented suit against the United States (Appendix B, *infra,* p. 9a) and entered judgment directing the District Court to dismiss the complaint (Appendix B, *infra,* p. 11a).

Motion to Amend and Petition for Rehearing

On October 1, Petitioner filed in the Court of Appeals a "Motion for Leave to File an Amended Complaint . . ." (R. 87) (Amendments without motion, Appendix C, *infra,* p. 12a) to amplify the allegations of jurisdiction, grounded upon 28 U. S. C., Sec. 1653, which statute states "defective allegations of jurisdiction may be amended upon terms in trial or appellate courts", and upon F. R. C. P., Rule 15; and gave written notice of the existence of a constitutional question to the Chief Judge of the Court of Appeals in accordance with that Court's Rule 30. (R. 121) On October 4, a Petition for Rehearing, along with certain motions to maintain the *status quo,* were filed.

Motion and Petition Denied

The Court of Appeals on October 25, denied the Motion for Leave to File an Amended Complaint, etc., (R. 124), and the Petition for Rehearing (R. 123). A stay until October 30 was then obtained to permit an application for a stay in this court.

Supreme Court Stay

On October 29, Petitioner filed in this Court his Motion for Preliminary Injunction or Stay. On

November 2 "Petitioner's Reply to Respondent's Opposition, . . ." was filed, and on November 4 Petitioner's "Supplement to Petitioner's Reply to Respondents' Opposition . . ." On November 4, the Chief Justice of the United States entered an order enjoining Respondents and their successors from further disclosures of the new process, on terms.

Substitution of Parties, etc.

Subsequent to November 4, the Court of Appeals entered orders staying transmission of judgment (R. 125) and approving a stipulation (R. 131) amending the complaint with respect to parties, and stipulating that the original and new defendants, unless otherwise ordered by the Court, intend to take the action sought to be enjoined by this suit.

THE PROCEEDINGS IN THE SUPREME COURT ON FIRST PETITION FOR CERTIORARI

First Petition for Certiorari

The Petitioner's first Petition for Certiorari to review the decision of September 19, 1957 was filed on December 4, 1957. The American Chemical Society and the Engineers Joint Council filed amicus curiae briefs in support thereof. On March 3, 1958, this Court granted the petition and acted thereon, ruling as follows:

> "PER CURIAM: The petition for certiorari is granted. The judgment of the Court of Appeals, and the orders of the Court of Appeals denying petitioner's motion for leave to amend the complaint and petition for rehearing, are vacated. The case is remanded to the Court of Appeals with instructions (1) to allow petitioner's proposed amendments to the complaint and (2) to deter-

mine, in light of the amended complaint, the issues raised by petitioner's appeal."

First Supreme Court Stay Extended

On March 31, 1958, this Court extended its original stay, stating in part as follows:

> "It is ordered that the stay order of November 4, 1957 be and the stay is hereby continued to permit the United States Court of Appeals for the District of Columbia Circuit to consider and pass on a motion seeking similar relief presented that Court on March 21, 1958."

PROCEEDINGS IN THE COURT OF APPEALS AFTER REMAND, AND ON MOTION FOR PRELIMINARY INJUNCTION, ETC. IN THAT COURT (ALL IN 1958.)

This Court's Order of March 31, 1958 Continued in Effect

On April 16, 1958 the Court below held in abeyance action on Petitioner's motion for a stay or preliminary injunction filed March 21, 1958 in that Court, thereby leaving in effect this Court's Order of March 31, 1958.

Second Opinion of the Court of Appeals

On June 9, 1958, the Court of Appeals handed down its second opinion in this action (Appendix D, p. 14a) reiterating in substance that the Act authorized the publication sought to be enjoined and stating that: "We now hold that the Constitution does not forbid the publication . . . Appellant's amended complaint therefor fails to state a claim on which relief can be granted.", and ordering the case to be remanded to the District Court "with instructions to dismiss the amended complaint".

Order to Show Cause and Proceedings Thereunder

On June 10, 1958, the Court of Appeals issued an order to Appellant (Petitioner) to show cause on or before June 11, 1958 why the motion for a preliminary injunction filed by Appellant on March 21, 1958 should not be denied. On June 11, 1958, Appellant filed his answer to the order to show cause and suggested therein that the Court should *sua sponte* vacate its opinion on the ground that, even if the Atomic Energy Act could properly be interpreted to authorize publications of "scientific and technical information relating to atomic energy" or of material which had been properly classified as "Restricted Data", such authority to publish did not extend to the subject matter of the Appellant's invention (NR 47). Thereafter the Appellees filed their opposition to Appellant's answer to the order to show cause.

Ruling on Motion for Preliminary Injunction

On June 24, 1958 the Court entered its order which (1) denied Appellant's motion for a preliminary injunction, filed March 21, 1958, but (2) (Appellant having indicated that he intended to apply to the Supreme Court of the United States for a Writ of Certiorari) enjoined the Appellees from further promulgation or disclosures, etc. to and including July 31, 1958, to enable Appellant to apply to the Supreme Court for a Writ of Certiorari and further stay, (3) directed the Clerk to continue the impounding of the record to and including July 31, 1958, and (4) denied Appellant's suggestion that the Court vacate its opinion and judgment of June 9, 1958. (NR 53).

SUPREME COURT STAY AND PROCEEDINGS INCIDENT TO SECOND WRIT OF CERTIORARI

On July 3, 1958 the Chief Justice of the United States issued an order enjoining the Respondents from further promulgations of disclosures, etc., concerning the improved processes involved in Petitioner's patent application . . . (Appendix F, *infra*, p. 19a).

Petitioner's Motion for Discovery

On August 25, 1958, the Petitioner called to the attention of this Court certain facts indicating that the Respondents may have violated the Orders of this Court, and prayed that an Order be issued requiring the Respondents to answer certain interrogatories to inform this Court of further facts peculiarly within their knowledge and control, and that appropriate actions be taken in the premises. A memorandum asserting facts having been submitted by Respondents, a reply was filed by Petitioner pointing out that taken at its face value the memorandum admits violation of the orders of this Court by failure of Respondents to fulfill their duties to this Court as defined in *In re Transamerica Corp.*, C.A. 9, 1950, 184 F. (2d) 319, Cert. Denied 71 S. Ct. 197, 340 U.S. 883, 95 L. Ed. 641, rehearing denied 71 S. Ct. 278; 340 U.S. 907, 95 L. Ed. 656.

Present (Second) Petition for Certiorari

The Petition for the present Writ was filed September 6, 1958. Again, amicus curiae briefs in support thereof were filed by American Chemical Society and Engineers' Joint Council. Certiorari was granted October 27, 1958, at which time motions for leave to use previously certified record and to

impound the records were granted, and the motion for discovery was denied.

SUMMARY OF ARGUMENT

A. On Respondents' Authority

The Court below has held that the Act (Atomic Energy Act of 1954) authorizes the Respondents to publish Petitioner's invention disclosed to them in confidence, without his consent. The Court below has further held that the Constitution does not forbid the publication.

These holdings, as we shall show in Point I, are voided by the limitations on the authority of Congress in the Constitution itself. Further, the act nowhere expressly purports to delegate to Respondents authority to publish the Petitioner's confidentially disclosed invention without his consent, and contains statutory limitations on the authority delegated which exclude any such authority to publish (Point II). And further, the act expressly subjects the Respondents to "other applicable laws" which clearly negative any such authority (Point III).

Summarizing these points before proceeding to the further matters involved:

I. *Constitutional Limitations:* Under the Constitution, Article IV, Section 3, Clause 2 and Amendments IX and X, Congress is authorized to dispose only of "property belonging to the United States", and therefore could not itself dispose of property owned by a citizen without his consent, and could not delegate to Respondents authority to do so.

This Constitutional limitation has been appreciated by this Court (*Ashwander* v. *Tennessee Valley*

Authority, 297 U.S. 288, 300). It has been acknowledged by Congress in many statutes, and in the Atomic Energy Act itself. It has been acknowledged by the Respondents themselves in their Agreements for Cooperation with foreign nations. It is the fundamental law and stands as a complete bar to the interpretation placed on the Act by the Court below.

II. *Statutory Limitations:* The Act itself puts statutory limitations on the authority delegated to Respondents. It specifically authorizes them to deal with "property of the United States" (Sec. 2b), and it gives them authority to acquire certain property for the United States (Sec. 161g), and it authorized them to classify certain information meeting the definition of "Restricted Data" as set forth in the Act (Secs. 141 and 11r), to disseminate the information meeting such definition in confidence under certain restrictions (Sec. 123 and 173), and ultimately to declassify such "Restricted Data", and thus remove it from that category (Sec. 142a). The Act also instructs the Respondents to be guided by the principles: "The dissemination of scientific and technical information relating to Atomic Energy should be permitted and encouraged * * *" (Sec. 141 b), but does not instruct the Respondents that they shall publish even such information relating to atomic energy when privately owned, without the consent of the owner.

Here, the Petitioner's new process does not fall within the definition of "Restricted Data" (Sec. 11r). It does not relate to Atomic Energy as defined in the Act (Sec. 11c). Hence the Act itself does not authorize the Respondents to deal with Petitioner's new process invention in any way. Indeed, the Act

specifies that the Commission "shall have no power to control or restrict the dissemination of information" (generally) "other than as granted by this or any other law" (Sec. 146b), and that the applicable provisions of any other laws are not excluded (Sec. 146a).

But the Court below did not rely on these "other laws" (Point III) as the basis for its ruling that the Act authorized the Respondents to disseminate and destroy Petitioner's rights in his privately owned information. Hence, it is clear that the Court below erred in ruling that the limited powers delegated by the Act embrace authority to publish the Petitioner's secret process, which was disclosed to Respondents in confidence, without his consent and to his detriment.

III. *Applicable Other Laws.* Section 146 of the Act subjects the Respondents to "applicable other laws".

Section 122 of the Patent Act, requiring that the subject matter of patent applications be kept in confidence by the Patent Office, is applicable to the Respondents since they are placed in privity with the Patent Office by Sections 181-184 of the Patent Act. Nothing in these sections authorizes the Respondents to publish Petitioner's invention; said Section 122 forbids such publication; and U. S. Code, Title 18, Section 1905, makes such publication a crime. Thus the "applicable other laws" also conclusively require that the decision below be vacated and that Petitioner's rights be protected.

B. On Mootness

The Court below did "not reach" the matter of alleged mootness, which formed the basis of the

District Court's decision, but such matter is proper, and indeed necessary, to be considered here, and with respect thereto, as we shall show in Points IV A-E, the District Court's decision was founded on error in five independent respects, any of which constitutes grounds for vacating the ruling of mootness. Summarizing these points:

The case is not moot as found by the District Court, because such ruling was made on a motion for preliminary injunction on mere exhibits and without a "hearing", which would require testimony by witnesses and right to cross-examine, as contemplated by F.R.C.P. 65(a).—Point IV A.

The case is not moot because Respondents' exhibits, some of which were not even affidavits, were incompetent, in that they contained hearsay, were not on personal knowledge, contained conclusions, and did not measure up to the standards of F.R.C.P. 56(e), which should have been observed since the ruling of mootness under the circumstances, if allowed to stand, would be dispositive of the case.—Point IV B.

The case is not moot, in that the Respondents' exhibits did not in fact show a "publication", even if otherwise acceptable.—Point IV C.

The case is not moot, because to bar Petitioner's right to apply for and obtain patents in many foreign countries, any of which could be an invaluable right, it would be necessary to prove a publication *within each such country,* which was not done.—Point IV D.

Finally, the case is not moot, because a partial breach of confidence, if accomplished, does not render the Court powerless to grant relief against further breaches of confidence.—Point IV E.

C. On Statement of a Claim

It being shown that Respondents are not authorized to publish the Petitioner's invention, that they are forbidden by law from doing so without Petitioner's consent, and that the case is not moot, it follows that the conclusion of the Court below that the amended complaint fails to state a claim upon which relief can be granted is without support, and should be vacated, as requested by Petitioner prior to entry of final judgment, and the preliminary injunction should have been issued as prayed.—Point V.

ARGUMENT

I

UNDER THE CONSTITUTION CONGRESS CAN DISPOSE ONLY OF "PROPERTY BELONGING TO THE UNITED STATES", AND THEREFORE COULD NOT DELEGATE ANY GREATER AUTHORITY TO THE RESPONDENTS

(Constitutional Limitations). The Court of Appeals ruled "We now hold that the Constitution does not forbid the publication" (of the Petitioner's trade secrets). In so ruling, the Court of Appeals overlooked the fact that the invention sought to be published is the **property of the Petitioner,** not property of the United States.

Article IV, Section 3, Clause 2, of the Constitution, expressly delegates to Congress the "Power to dispose of . . . Property belonging to the United States". The Ninth and Tenth Amendments to the Constitution provide:

> *Amendment IX* — "The enumeration in the Constitution, of certain rights shall not be construed to deny or disparage others retained by the people."

> *Amendment X* — "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively or to the people."

These constitutional provisions indubitably establish that the right to dispose of property belonging to a citizen (or to a State) is reserved to the citizen (or State) owning it; that Congress has no power to dispose of property not belonging to the United States; and that Congress could not legally authorize the Respondents to do so.

This Court has previously recognized that before property not belonging to the United States can be "disposed of" by the United States, it must be *acquired* by the United States either by purchase or by eminent domain taking with provision for compensation or in other lawful manner. Thus, in *Ashwander v. Tennessee Valley Authority,* 297 U.S. 288, at 300, Chief Justice Hughes stated:

> "Authority to dispose of property *constitutionally acquired by the United States* is expressly granted to Congress by section 3 of Article 4 of the Constitution."
>
> ". . . To the extent that the power of disposition is thus *expressly* conferred, it is manifest that the Tenth Amendment is not applicable. And the Ninth Amendment (which Petitioner's also involves), *in insuring the maintenance of the rights retained by the people,* does not withdraw the rights which are *expressly* granted to the federal government." (Emphasis supplied)

(*Constitutional Limitations Recognized in Other Laws*). *Congress* has repeatedly recognized in various statutory enactments the constitutional limitation on

its power to dispose of private property and property rights, and the right of a citizen to the protection of his trade secrets;

1. In establishing the Federal Trade Commission, Congress provided in 15 U.S.C. 46, in part, that:

> "The Commission shall also have power . . . to make public from time to time such portions of the information obtained by it hereunder, *except trade secrets* . . ." (Emphasis supplied)

2. In establishing the United States Tariff Commission, Congress provided in 19 U.S.C. 1335, in part, that:

> "It shall be *unlawful* for any member of the Commission . . . or any other officer or employee of the United States, *to divulge,* or to make known in any manner whatever not provided for by law, to any person, the *trade secrets or processes* of any person, firm . . . embraced in any examination or investigation conducted by the Commission . . ." (Emphasis supplied)

3. On June 25, 1948 the provisions of 19 U.S.C. 1335 were incorporated into and replaced by 18 U.S.C. Sec. 1905 (U.S. Criminal Code) in which Congress provided, in part, that:

> "*Whoever, being an officer or employee of the United States* or of any department or agency thereof, *publishes, divulges, discloses, or makes known in any manner* or to any extent not authorized by law any *information coming to him . . . which* information *concerns or relates to the trade secrets, processes* . . . of any person, firm . . . shall be fined not more than $1000, or imprisoned for not more than one year, or both; and shall be removed from office or employment." (Emphasis supplied)

4. In guaranteeing secrecy of information to the inventor who cooperates in the objectives of Article 1, Section 8 of the Constitution "to promote the progress of science and useful arts" Congress provided under 35 U.S.C. 122 of the Patent Laws that:

> "*Applications for patents shall be kept in confidence* by the Patent Office and no information concerning the same given without authority of the applicant or owner . . ." (Emphasis supplied)

(*Constitutional Limitations in Atomic Energy Act*). *Congress,* in framing the Atomic Energy Act of 1954, specifically recognized the constitutional limitation on its power as is clearly stated in the Legislative history of the Act (Appendix H, *infra,* p. 21a):

> ". . . The legal basis of the proposed legislation is the constitutional powers of the United States . . . to make all needful rules and regulations respecting . . . **property belonging to the United States;"**
>
> * * * * *
>
> ". . . In view of the broad powers conferred upon the Congress by **article 4, section 3, clause 2,** of the Constitution, there can be no doubt of the authority of the Congress to exercise its powers . . ."
>
> * * * * *
>
> "Section 146 [of the Act] continues the application . . . to persons in the atomic energy program of **other laws relating to the protection of information.** It also forbids the Commission from controlling or restricting any information outside of any powers granted by any law." (Emphasis supplied)

(*Limitations Recognized by Respondents*). *Respondents themselves,* in the several Agreements for Cooperation for Civil Uses of Atomic Energy entered into under the Atomic Energy Act, have recognized and set out specifically their lack of authority to disclose privately owned information. These agreements, in most instances, have been executed on behalf of the United States by various ones of the Respondents personally. Typical examples of this acknowledgement by Respondents are Article I(D) of the "Agreement for Cooperation on Civil Uses of Atomic Energy between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland" (TIAS 3321, June 15, 1955), and Article III(C) of the "Agreement for Cooperation between the Government of the United States of America and the Government of the Federal Republic of Germany concerning Civil Uses of Atomic Energy" (TIAS 3877, July 3, 1957), which provide in each instance:

> "This Agreement shall not require the exchange of any information which the Parties **are not permitted to communicate because the information is privately owned** or has been received from another government." (Emphasis supplied).

(*Summary*). *In view of the foregoing,* it is therefore apparent that the lower Court was in error in sanctioning Respondents' proposed disposal of property not owned by them or by the United States; and that such ruling is in conflict with the Constitution and all precedent and should be vacated.

II

THE DECISION OF THE COURT OF APPEALS ERRONEOUSLY PROCLAIMS IN EFFECT THAT GOVERNMENT OFFICERS MAY IGNORE PLAIN LIMITATIONS ON THEIR STATUTORY AUTHORITY

The Decision of the Court of Appeals in ruling, *inter alia,* in substance that the Respondents have the authority to affect dissemination or publication of information entrusted to them in confidence without regard to the rights of the private owners thereof, ignores the specific statutory limitations in the Atomic Energy Act of 1954.

As stated at page 3 of the *Amicus Brief of* **Engineers' Joint Council, Inc.,** *in support of the petition herein:* ". . . the decision of the lower court . . . is contrary to the purpose stated by Congress in the . . . Act . . ." And as stated at page 11 of the *Amicus brief of* **American Chemical Society** *in support of the Petition:* "There is no language . . . in the Act evincing an intention to authorize the Commission to disseminate information it otherwise would not have the right to publish . . ."

In this connection, Congress, in its "Findings" (Sec. 2b, 42 U.S.C. 2012b, *infra,* p. 2a),[6] found only the power to permit the **"property of the United States"** to be used by others. This provision does not include Petitioner's invention here involved or his personal property rights relating thereto, since such are not property of the United States. (Complaint, paras. 2, 18b, R. 1, J.A. 1)

To effectuate the policies set forth in Section 1 b of the Act (42 U.S.C. 2011b, *infra,* p. 1a), among others,

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[6] All statutory references and federal regulations mentioned herein are set forth in Appendix A, infra.

Congress provided authority for "a program for the dissemination of *unclassified* scientific and technical information . . . subject to appropriate safeguards" (Sec. 3b, 42 U.S.C. 2013b, *infra,* p. 2a). However, Petitioner's information is *not unclassified* but is *secret* and was confidentially disclosed to Respondents not only under an agreement expressly reserving Petitioner's proprietary rights (Complaint, Par. 2, R. 1, J.A. 1) but also under 35 U.S.C. 181 (*infra,* p. 5a) which bound Respondents to the secrecy provisions of 35 U.S.C. 122, *infra,* p. 5a (Complaint paras. 4, 5, 18d, R. 1, J.A. 1). The statutory confidential relationship between the Petitioner, the Patent Office and the Respondents is further emphasized in the Code of Federal Regulations governing the practice and procedure in the Patent Office (C.F.R. Title 37, Secs. 1.14 and 5.1, *infra,* p. 7a), and in the pledges of the Access Acknowledgement required by the Patent Office (Appendix G, *infra,* p. 20a).

Respondents' authority with respect to the "Control of Information" is clearly set forth in Chapter 12 of the Act where it is specifically limited to (1) "the dissemination and declassification of Restricted Data . . ." (Sec. 141, 42 U.S.C. 2161 *infra,* p. 3a), subject to the further limitation, (2) that "The Commission shall be guided" by the principle that "the dissemination of scientific and technical information relating to atomic energy should be **permitted** and **encouraged** . . ." (Sec. 141b, 42 U.S.C. 2161b, *infra,* p. 3a), and in furtherance whereof it is provided (3) that "The Commission shall from time to time determine the data, within the definition of Restricted Data, which can be published . . . and shall cause such data to be declassified and removed from the category of Re-

stricted Data" (Sec. 142a, 42 U.S.C. 2162a, *infra,* p. 3a). Then, so that there might be no mistake that Respondents' powers do not exceed the limited authority thus expressly delegated, Congress further provided that "the Commission shall have no power to control . . . the dissemination of information other than as granted by this or any other law" (Sec. 146b, 42 U.S.C. 2166b, *infra,* p. 4a).[7]

Congress clearly described its specific intent when in the Legislative History of the Act (Appendix H, *infra,* p. 21a) it stated:

> "The information control provision of the organic law and these bills are built around the concept of restricted data, . . ."
>
> "Section 141 [of the Act] sets forth the policies for dealing with restricted data; . . . and that dissemination of technical information is to be encouraged . . ."
>
> "Section 146 [of the Act] continues the application to restricted data and . . . forbids the Commission from controlling or restricting any information outside of any power granted by any law."

The foregoing quotations corroborate Petitioner's contentions and are at odds with footnote 1 of the first Court of Appeals opinion (Appendix B, p. 11a, *infra*), reiterated generally by its present decision.

Sections 123, 141 and 173 of the Act (42 U.S.C. 2153, 2161 and 2223, *infra,* pp. 3a, 4a, 5a) give the Respondents limited authority to communicate to parties in

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[7] The Court below did not rely on any "other laws" as the basis for its decision. We show in Point III below that applicable "other laws" deny the authority found by the Court below.

privity with them, including foreign nations, in confidence, information contained in privately owned U. S. patent applications where such information falls within the limited category of "Restricted Data" as defined in the Act. But Petitioner's processes do not now and never did properly fall within that limited category, and even if such information had at one time been properly so classified, Respondents removed it therefrom as soon as they exercised their limited authority to "cause such data to be declassified and removed from the category of Restricted Data" under Sec. 142a of the Act (42 U.S.C. 2162a, *infra*, p. 3a).

The intent of Congress in this regard is also specifically set forth in the Legislative History of the Act (Appendix H, infra, p. 21a) where it states "The definition provides that data declassified or removed from the category is removed from the definition."

More specifically, the Petitioner's invention does not fall within the category of "Restricted Data" as defined in Section 11r of the Act (42 U.S.C. 2014r, *infra*, p. 2a) because:

(1) Petitioner's or any other method for concentration of the lower atomic weight isotopes does not concern "the design, the manufacture or utilization of atomic weapons" or "the production of special nuclear materials, or the use of special nuclear material in the production of energy", and (2) is specifically excluded from the category of "Restricted Data" since it was of material "declassified . . . pursuant to Section 142" of the Act. Furthermore, although by Petitioner's invention Respondents have produced heavy water (also producible by other processes) this product does not fall within the defini-

tion of "Special Nuclear Material" as defined in the Act (Sec. 11t, 42 U.S.C. 2014t, *infra*, p. 2a).

Petitioner's invention here involved relates to an improved mode of conducting the publicly known dual temperature method of isotope concentration, which method is but one of at least four different industrial processes that have been used by Respondents and others to produce heavy water. All of these other processes are already well known to the public. The importance and value of Petitioner's invention here concerned and a reason why it was chosen for production purposes by the U. S. Atomic Energy Commission rests largely in its economic advantages over other procedures.

It is apparent that Congress intended to conform to the Constitutional limit on the power of the Government to dispose only of **property of the United States** because Congress specifically authorized the Atomic Energy Commission "In the performance of its functions" to "acquire" and "purchase . . . personal property, including patents, . . . on behalf of the United States . . . and dispose of such property as provided in this Act." (Sec. 161g, 42 U.S.C. 2201g, *infra*, p. 4a). Furthermore, Congress expressly provided for such acquisition of personal property in strict conformity with the Fifth Amendment to the Constitution when they "authorized to be appropriated such sums as may be necessary and appropriate to carry out the provisions and purposes of this Act . . ." (Sec. 261, 42 U.S.C. 2017, *infra*, p. 5a). Only after personal property or property rights have been acquired by the United States can Respondents dispose of same. Respondents cannot exercise mere fiat to "de-

stroy" such property under the limited authority conferred by the Act.

Respondents have refused to take steps which would **"encourage"** and **"permit"** Petitioner to adequately protect his property here involved so as to enable him to publish the information at the earliest possible date. Furthermore, Respondents have never made any attempt to purchase Petitioner's property right of first publication here involved on behalf of the United States pursuant to the authority delegated in Section 161g, (42 U.S.C. 2201g, *infra*, p. 4a).

It is of vital importance to the functioning of our government based on law that government agents not abuse or extend their limited authority conveyed to them by Congress. This Court clearly announced the responsibility of government officers in this regard when in *Peters* v. *Hobby*, 75 S. Ct. 790, 349 U.S. 381, 99 L. ed. 1129, it said:

> "Agencies whether created by statute or executive order must of course be free to give reasonable scope to terms conferring their authority. But they are not free to ignore plain limitations on such authority."

The Court of Appeals' interpretation of Respondents' limited authority to include the authority to dispose of privately owned property without consent of the owner is a flagrant misconstruction of the Act, which should of course be construed so as to not do violence to the Constitution.

III

"OTHER LAWS" MADE APPLICABLE TO RESPONDENTS BY THIS ACT DENY THE AUTHORITY FOUND BY THE COURT OF APPEALS

The "other laws" made applicable by Sec. 146 of the Act are: (a) *Sec. 122 of the "Patent Act of 1952"* (providing that applications for U. S. Letters Patent shall be kept in confidence by the Patent Office, and hence by those in privity with the Patent Office).—(Appendix A, *infra,* p. 5a).

(b) *Secs. 181-184 of the Patent Act of 1952* (putting the Respondents in privity with the Patent Office, providing for inspection of pending applications by Respondents and for the issuance by the Patent Office of Secrecy Orders at the instance of the Respondents, forbidding filing of foreign applications in violation of such Secrecy orders, providing for compensation for the practice of the inventions concerned on behalf of the Government in specified instances, and providing for rescinding of such Secrecy orders with consent of the Respondents).[8]—(Appendix A, *infra,* pp. 5a-6a).

(c) *U. S. Code Title 18, Sec. 1905* (forbidding the disclosure by government officers of information relating to the trade secrets, processes, apparatus, etc. or any person, etc., under penatly of fine and/or imprisonment and removal from office).—(Appendix A, *infra,* p. 8a).

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[8] Section 183 of the Patent Act also authorizes Respondents to hear claims for compensation (for damage caused by the Secrecy order and by use of the invention on behalf of the government) where the "patent is withheld" because of the secrecy order after being otherwise in condition for allowance, but such authority is not involved here because the secrecy order was rescinded before the Petitioner's application was held allowable.

Section 122 of the Patent Act of 1952 applies to the respondents since they are placed in privity with the Patent Office by Sections 181-184 of the Patent Act of 1952. Respondents exhausted their relevant authority under said sections 181-184 when they caused secrecy orders to be issued in petitioner's pending patent applications, refused to permit modification of such order to allow Petitioner to file applications for foreign patents for the new process, and ultimately caused rescission of such secrecy order.[8] While Section 183 contemplates use of the invention and compensation for damage "caused by the secrecy order", it contains no authorization to anyone to publish the invention so as to destroy the inventor's trade secrets and his rights to obtain foreign patents. Thus nothing in these sections authorizes the respondents to publish the Petitioner's invention. To the contrary, Section 122 forbids such publication, while U. S. Code Title 18 Sec. 1905 makes such publication a crime.

Hence the "applicable other laws" not only lend no support to the decision of the Court below, but actually stand squarely against that decision, and conclusively require that it be vacated and that Petitioner's rights be protected.

IV

THE CASE IS NOT MOOT FOR THE FOLLOWING INDEPENDENT REASONS:

(A) BECAUSE IT WAS DECIDED ON DEFENDANTS' (RESPONDENTS') EXHIBITS WITHOUT A "HEARING" AS CONTEMPLATED BY F.R.C.P. 65(a);

(B) BECAUSE THE DEFENDANTS' EXHIBITS PRESENTED WERE INCOMPETENT;

(C) BECAUSE THE DEFENDANTS' EXHIBITS PRESENTED DID NOT PROVE A PUBLICATION IN FACT;

(D) BECAUSE EVEN THE CONCLUSIONS ALLEGED IN THE DEFENDANTS' EXHIBITS ARE INSUFFICIENT TO RENDER THE CASE MOOT;

(E) BECAUSE RESPONDENTS CANNOT RELY ON THEIR OWN WRONGFUL ACTS TO RELIEVE THEM OF THEIR OBLIGATION TO HOLD IN CONFIDENCE

A. THIS CASE IS NOT MOOT BECAUSE DECIDED ON DEFENDANTS' EXHIBITS WITHOUT A "HEARING" AS CONTEMPLATED BY FEDERAL RULES OF CIVIL PROCEDURE 65(a)

Petitioner was not accorded a "hearing" in the District Court, as contemplated by F.R.C.P., Rule 65(a), which reads "Rule 65, Injunctions. (a) Preliminary; Notice. No preliminary injunction shall be issued without notice to the adverse party", in that he was refused the requested opportunity to cross-examine the affiants whose affidavits were presented (R. 61, 67-68, J.A. 61, 67-68). Cases hold that the provision for "notice" therein contemplates a "hearing" with the right to present oral testimony, **and the right to cross-examine opposing witnesses.** See 7 *Moore's Federal Practice,* 2nd Ed. par. 65.04(3), p. 1637, quoting from *Sims* v. *Greene,* C.C.A. 3, 1947, 161 F. 2d 87, 88-89. See also, 3 *Barron and Holtzoff,* 1956 pocket part, par. 1433, p. 104, which states in part: ". . . Doubtful questions of law and fact should not

be determined on affidavits on an application for preliminary injunction . . .", (citing cases) and 7 *Moore's Federal Practice,* 1638, which states: "On the hearing for the injunction . . . the court should normally be reluctant to decide controverted factual issues in favor of movant (or against him) on the basis of affidavits alone". Otherwise, extremely important cases could be disposed of on Motion for Preliminary Injunction on flimsy affidavits without the right of cross-examination.

These principles are especially applicable where, as here, a failure to obtain a preliminary injunction would most certainly result in action by the Respondents which would render the case moot. (See Stipulation, R. 128.)

The failure of the Trial Court to follow these principles, vainly urged upon it (R. 61, 67-68 J.A. 61, 67-68), was a gross miscarriage of justice and constitutes reversible error.

B. THE CASE IS NOT MOOT BECAUSE THE EXHIBITS PRESENTED (SOME OF WHICH ARE NOT EVEN AFFIDAVITS) WERE INCOMPETENT

Most of the exhibits presented by the Respondents (R. 19-30, J.A. 19-30), some of which are not even affidavits (R. 24-27, J.A. 24-27), are among other deficiencies, replete with hearsay, not based on personal knowledge, and contain conclusions as distinguished from facts. Hence, they are incompetent to prove even the matters alleged therein, and were erroneously used by the District Court as the basis for denying to Plaintiff the needed protection of his valuable rights.

As regards those exhibits which were affidavits, see *7 Moore's Federal Practice,* p. 1640, on the question of the adequacy of affidavits on a preliminary injunction hearing which states:

> "Where affidavits are used must they measure up to the standards of affidavits in support of and in opposition to a motion for summary judgment? Under the summary judgment Rule 56(e) such an affidavit must be made on personal knowledge of the affiant, set forth such facts as would be admissible in evidence, and show affirmatively that the affiant is competent to testify to the matters stated therein. * * * *Affidavits at best are not too trustworthy either for summary judgment or injunction hearing; and undoubtedly in relation to the latter hearing affidavits that measure up to the standard for summary judgment are preferable to those of a more general character, and oral testimony is even better."* (Emphasis supplied).

6 Moore's Federal Practice, discussing "Form and Content of Affidavits" states in part as follows: (At p. 2328)" ". . . *The affidavit is no place for ultimate facts and conclusions of law"* (emphasis supplied) citing *Creel* v. *Lone Star Defense Corp.* (CA 5th, 1949, 171 F. 2d 964, 967, 12 FR Serv. 56c. 41, Case 4, rev'd on other grounds (1950), 339 U.S. 497, 70 S. Ct. 755, 94 L. ed. 1017, (wherein Judge Holmes stated, in part: "The averments do not meet the requirements for affidavits under Rule 56(e). No witness would be permitted to testify that the appellee operated as an independent contractor and was engaged in the production of goods for commerce, which are the ultimate facts in issue. . . .")

As noted, failure to obtain a preliminary injunction would certainly result in actions by the Respondents

which *would* make the case moot. The complete disregard of the continuous pleas of Plaintiff's counsel that Respondents respect the Petitioner's rights, shown by these exhibits, evidences this fact, which is also stipulated in the record herein (R. 128). The Respondents' contention of mootness was in the nature of an affirmative defense and was the equivalent of or similar to a Motion for Summary Judgment, to which the requirements of Federal Rules of Civil Procedure, Rule 56(e) should apply. Since the exhibits on their face show that they fail to meet the criteria of F.R.C.P., Rule 56(e), they were incompetent to establish even the matters alleged therein, and the District Court committed reversible error in basing a ruling of mootness on such incompetent evidence.

C. THE CASE IS NOT MOOT BECAUSE DEFENDANTS' (RESPONDENTS') EXHIBITS FAILED TO PROVE A PUBLICATION IN FACT

Defendants' (Respondents') Exhibits 1-10 (R. 19-37 J.A. 19-37), at most, show only that there may have been a possible offer of availability, or an intent to make such offer, and contain no showing that such offer had actually been made or had been accepted by anyone. The situation, at most, is similar to an offer to enter into a contract which fails for want of acceptance. The offer or *ultra vires* direction to publish, if any, had not been carried beyond the control of the Defendants (Respondents) by having been irrevocably carried into effect. These facts were vainly urged upon the Trial Court (R. 64, J.A. 63, and TR. 57-59).

Of course in this case the question is whether the information in fact was published so as to constitute a bar to patenting under various **foreign patent laws.** But the principles announced in *In Re Application of*

Tenney et al, CCPA, (1958) 254 F. 2d 619 which in effect overruled the cases relied upon by Respondents in the Trial Court, and especially in the concurring opinion of Judge Rich therein, show that the facts averred in the Defendants' exhibits are **insufficient to constitute a publication even under U. S. law.** Thus, there is no evidence in the exhibits of actual publication, as opposed to mere preparation for publication or availability for publication in the hands of servants or agents of Respondents as discussed in the *Tenney* case.

The only "communications" evidenced at all are two "private communications" which are not publications as pointed out in footnote 9 in the *Tenney* case (254 F. 2d 627), and which were communications only to parties in privity directly or indirectly with Respondents under agreements for cooperation. In all these instances, of course, the documents involved either were or should have been impounded at the instance of the Respondents in conformance with Respondents' duty owed to this Court under the authority of *In re Transamerica Corp.,* C.A. 9, (1950) 184 F. 2d 319; Cert. Den., 340 U.S. 883; Rehearing Den., 340 U.S. 907.

D. THE CASE IS NOT MOOT BECAUSE EVEN THE CONCLUSIONS ALLEGED IN THE DEFENDANTS' EXHIBITS ARE INSUFFICIENT TO RENDER THE CASE MOOT

Taking everything set forth in defendants' exhibits most favorably to them, mootness is not shown. Even assuming that there had been a limited publication somewhere, which is vigorously denied, defendants' exhibits do not warrant a finding that there had been a general publication throughout the world. As indicated in the complaint para. 6 (R. 3, J.A. 3) plaintiff intended to apply for patents in many foreign coun-

tries. In a number of such foreign countries there must be a publication **within the country itself** prior to the application for a patent to bar the obtaining of a valid patent. See complaint, para. 17 (R. 17, J.A. 17). See also affidavits of Spevack, Parker and Houghton (R. 73-78) in support of the Motion for a Preliminary Injunction in the Court below. In the absence of a showing by Respondents that there had been actual publication *in each and all of the countries requiring publication within the country itself* as of the date of the hearing (April 19, 1957), Petitioner still had a right to apply for and obtain valid patents in each such country where publication had not occurred. A patent in *any one* of such countries might well prove to be an invaluable right to the Petitioner.

How Question of Publication Arises. The question of prior publication usually arises when the patent holder sues for an infringement, and the alleged infringer defends on the ground that the patent is invalid in that there had been a publication of the subject matter of the patent prior to the patent holder's application or early enough to bar the grant of a valid patent on the patentee's application, under the law of the country concerned.

Hypothetical Situation Proves Petitioner's Contention. Assume for the purpose of argument the following facts: That on April 20, 1957, the day after the entry of the order denying the preliminary injunction, Petitioner had applied for and was duly granted patents in all countries where there must be a publication *within the country itself* prior to the filing of the application; that thereafter infringers of Petitioner's patents appeared in all such countries, and that Petitioner prosecuted suits against each of the infringers;

that each of the infringers, as defenses to the suits in their respective countries, introduced into evidence all the facts set forth in Respondents' exhibits, to challenge the validity of Petitioner's patents on the ground that there had been a publication of the subject matter. Could these actions be successfully defended on that basis? The answer is quite obvious—they could not.

It cannot be *assumed* that there was a publication in such countries in the *absence of any proof* thereof. And in many countries, in the absence of a publication in the particular country, Petitioner has valuable rights which are entitled to protection (see end of Par. 17 of Complaint R. 7, J.A. 7) and affidavits of Spevack, Parker, and Houghton (R. 72-78).

The Respondents' memorandum filed in this Court on July 3, 1958 negatives mootness. It states in part:

> "The major purpose of this litigation has been to prevent publication of information . . . In this purpose, Petitioner has been successful."

It follows, of course, that if Petitioner's information had been published by Respondents prior to the instant suit, Petitioner's purpose to prevent such publication could not have been "successful" as admitted by Respondents.

John G. Hall, Acting Assistant General Manager for International Activities of the A.E.C., in an Affidavit (Appendix G. *infra,* p. 17a) filed with said memorandum, stated under oath:

> "That the temporary restraining orders . . . have precluded . . . disseminating considerable information on the subject of the dual temperature exchange process for the production of heavy water;

and refers to

> "the inability to disseminate and publish such information . . ."

It is now obvious, therefore, that there was still in the possession of the Respondents information concerning the improved processes involved in Petitioner's patent application as described in his complaint, within the scope of this Court's Orders, which admittedly had not been published prior to July 3, 1958. This was not known to the District Court because of the lack of a proper hearing, and that Court's ruling of mootness which was thus based on a mere assumption of fact, now refuted, has resulted in a gross miscarriage of justice, and constitutes reversible error.

E. THE CASE IS NOT MOOT BECAUSE RESPONDENTS CANNOT RELY ON THEIR OWN WRONGFUL ACTS TO RELIEVE THEMSELVES OF THEIR OBLIGATION TO HOLD IN CONFIDENCE

Finally, the Respondents are not relieved of their obligation to hold in confidence the Petitioner's invention so disclosed to them, until the Petitioner himself makes a general publication of the subject matter concerned, or expressly or impliedly consents to its publication. cf. *Sandlin et al* v. *Johnson* (C.C.A. 8) 141 F(2d) 660, 61 U.S.P.Q. 71; *Du Pont* v. *Masland* (1917) 244 U.S. 100; *James* v. *Campbell* (1882) 104 U.S. 356, at 358. Partial breach of confidence, if accomplished, does not render the Court powerless to grant relief against further breach of confidence.

V

PETITIONER'S AMENDED COMPLAINT STATES A CLAIM UPON WHICH RELIEF CAN BE GRANTED SINCE RESPONDENTS LACKED THE AUTHORITY IN QUESTION

The first Court of Appeals opinion directed that the complaint be dismissed for lack of jurisdiction on the ground that the action was an unconsented suit against the United States. (Appendix B, *infra*, p. 9a) This is just another method of saying that the Respondents had the authority to perform the acts sought to be enjoined, because if they did not possess such authority, the complaint would, without question, state a claim upon which relief could be granted. Thus, the only real question is the Respondents' authority which has been hereinbefore shown not to exist.

The present Court of Appeals decision (Appendix D, *infra*, p. 14a, 15a, 16a) states:

> "In our former opinion we pointed out that Congress has authorized this sort of publication. We now hold that the Constitution does not forbid the publication. . . .
>
> Appellant's amended complaint therefore fails to state a claim upon which relief can be granted. . . . The case is remanded with instruction to dismiss the amended complaint."

This latter opinion is but little different from the former opinion as to which this Court granted certiorari. It is difficult to believe that this Court would have granted certiorari had this action been considered to be an unconsented suit against the United States (i.e. that Respondents possessed the authority in question), or that it was moot, or that this Court would have remanded the case to the Court of Appeals merely for the purpose of directing that the

Petitioner's proposed amendments to the complaint be vainly allowed. Thus, while this Court's ruling of March 3, 1958 granting certiorari and remanding the case to the Court of Appeals did not expressly so state, the obvious inference from that decision is that this Court did not feel that this was an unconsented suit against the United States, and consequently did feel that the Respondents lacked the authority they claim, that the case is not moot and that the amended complaint does entitle the Petitioner to the relief sought.

It being shown that Respondents are not authorized to publish the Petitioner's invention, that they are forbidden by law from doing so without petitioner's consent, and that the case is not moot, it follows that the conclusion of the Court below that the amended complaint fails to state a claim upon which relief can be granted, is without support, and should be vacated, as requested by Petitioner prior to entry of final judgment and that the preliminary injunction should have been issued as prayed.

CONCLUSION

For the foregoing reasons, the judgment of the Court below should be vacated, the District Court's ruling of mootness should be reversed, and a preliminary injunction should issue to preserve the Petitioner's rights.

Respectfully,

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